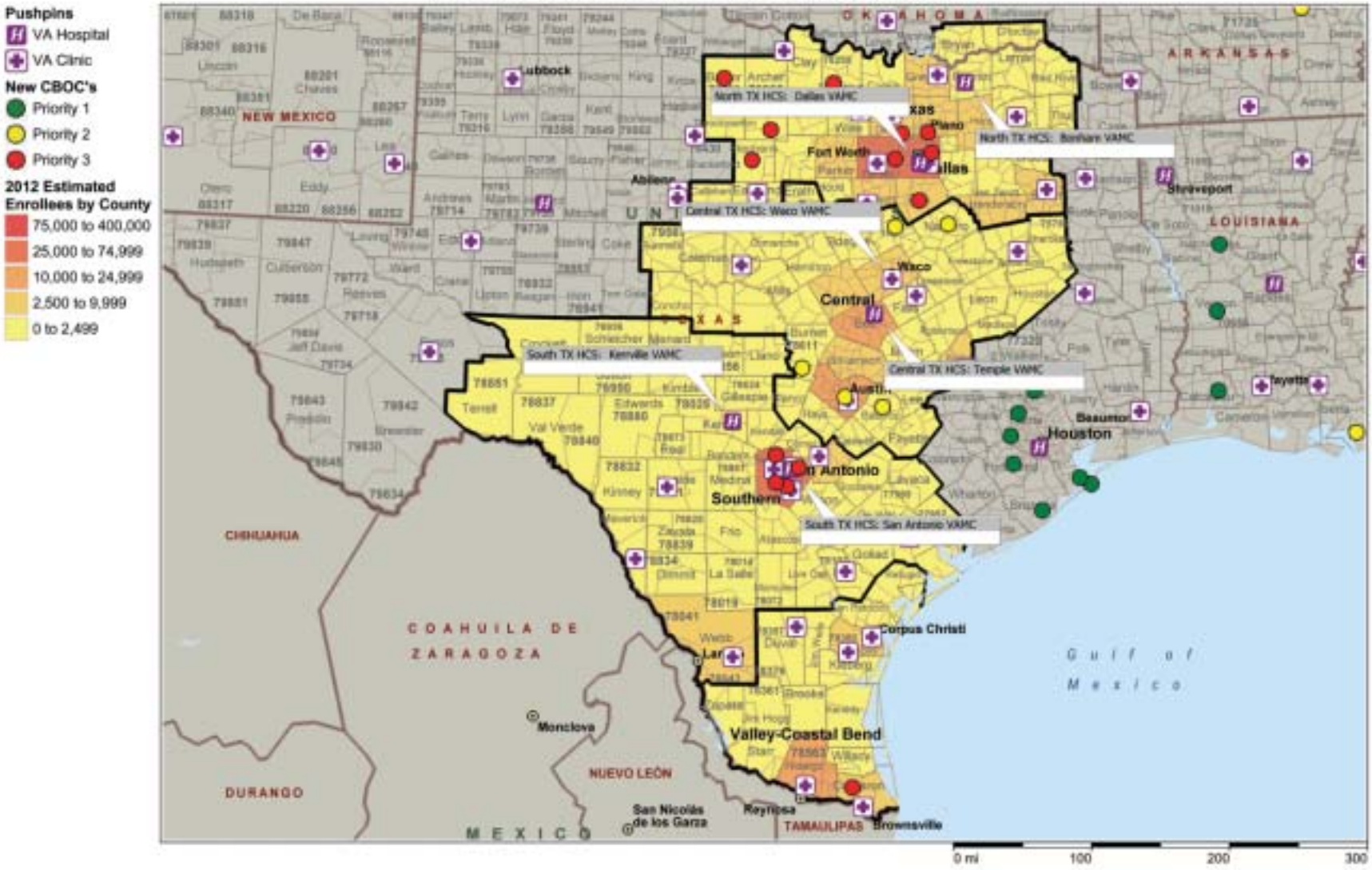
VISN 17 – VA Heart of Texas Health Care Network



VISN 17, VA Heart of Texas Health Care Network

VISN Overview

VISN 17, VA Heart of Texas Health Care Network, is an integrated, comprehensive health care system spanning 131,534 square miles and stretching from the Oklahoma border on the North, to the lower Rio Grande Valley in the South. Of the 1.1 million veterans in VISN 17, approximately 302,000 are enrolled in the VA health care system.[376] In FY 2003, VISN 17, with a staff of 8,582 FTEs,[377] provided health care services to approximately 193,000 unique patients who reside in 134 counties. The VISN delivers care through six medical centers, one large independent outpatient clinic in Austin, six nursing homes, three domiciliary, and 28 community-based outpatient clinics (CBOCs). Additionally, VA operates seven Vet Centers in VISN 17.

The following table indicates actual enrollment figures for FY 2001. Figures for enrollment in FY 2012 and FY 2022 are based on the latest CARES Scenario Milliman USA projections and represent end-of-year projections. Figures for veteran population come from the latest VetPop2001 model. These data were used by the Draft National CARES Plan (DNCP) to identify the levels of need for services in VISN 17.

VISN 17	FY 2001	FY 2012	FY 2022
Enrollees	246,102	285,392	276,578
Veteran Population	1,075,173	952,546	843,631
Market Penetration	22.89%	29.96%	32.78%

For the CARES process, this VISN is divided into four markets: The North Market (*facilities:* Dallas and Bonham, TX); Central Market (facilities: Temple and Waco, TX); Southern Market (*facilities:* San Antonio and Kerrville, TX); and the Valley-Coastal Bend Market (*facilities:* none).

Information Gathering

The CARES Commission visited five sites and conducted two public hearings. The Commission received 35,457 public comments regarding VISN 17, with the majority addressing the Waco mission change.

- *Site Visits:* Kerrville VA Medical Center (VAMC) on July 14; San Antonio on July 15; Austin Outpatient Clinic on July 16; Temple VAMC on July 16; and Waco VAMC on July 16.
- *Hearings:* San Antonio on October 1; and Waco on October 3.

[376] VSSC KLF Menu Database, *Enrollment Priority and Status by Gender,* as of the end of FY 2003.
[377] VSSC KLF Menu Database, *FMS Annual Salary Report*, FY 2003: July 2002 through September 2003.

Summary of CARES Commission Recommendations

I Mission Change – Waco

1. The Commission concurs with the DNCP proposal to transfer services from the Waco campus to appropriate locations within the VISN as follows:
   a. A portion of acute care inpatient psychiatry to Austin;
   b. The balance of acute care and all the long-term inpatient psychiatry to the Temple VAMC; and
   c. PTSD residential rehabilitation services to the Temple VAMC, with no decrease in capacity.
2. The Commission does not concur with the DNCP proposal to transfer Waco nursing home services to the community.
3. The Commission recommends that: [378]
   a. Prior to taking any action to reconfigure or expand long-term care (LTC) capacity or replace existing LTC facilities VA should develop a LTC strategic plan. This plan should be based on well-articulated policies, address access to services, and integrate planning for the LTC of the seriously mentally ill.
   b. An integral part of the strategic plan should be maximizing the use of State Veterans Homes.
   c. Freestanding LTC facilities should be permitted as an acceptable care model.
   d. Access for families of patients and clinical relationships between institutional and non-institutional LTC programs must be considered.
4. The Commission concurs with the DNCP proposal to transfer the blind rehabilitation center (BRC) from Waco, but recommends that the VISN determine an appropriate location taking into account access and the BRC's role as a regional rehabilitation referral center.
5. The Commission concurs that a new multi-specialty outpatient clinic be established in the Waco area.
6. The Commission recommends that time be provided for the transition to allow an orderly transfer with minimal disruption to patients and families and for the VISN to involve veterans, stakeholders, and the community in a plan for the Waco campus that is most beneficial to veterans.

(see page 5-257)

[378] Chapter 3, *National Crosscutting Recommendations: Long-Term Care,* contains additional information on this topic.

II Mission Change – Kerrville

1. The Commission does not concur with the DNCP proposal to convert the Kerrville VAMC to a critical access hospital (CAH). VA should establish a clear definition and clear policy on the CAH designation prior to making decisions on the use of this description.
2. The Commission concurs with the DNCP proposal to transfer the Kerrville VAMC's acute inpatient services and recommends that the VISN contract with community health care providers for these acute inpatient services, including urgent care services, in lieu of or until space is available at the San Antonio facility.
3. The Commission recommends clarification of proposed construction and renovation costs at San Antonio.
4. The Commission concurs with the DNCP proposal that the nursing home and outpatient services remain at Kerrville.

(see page 5-265)

III Inpatient Care

1. The Commission concurs with the DNCP proposal to correct inpatient access gaps in the Central and Valley-Coastal Bend markets through contracting or leasing of beds in the local community.
2. The Commission concurs with the proposal to expand in-house services at the Dallas VAMC through construction and renovation.
3. The Commission recommends that:
    a. Before taking action to alter existing VA services, VA must ensure that there are viable alternatives in the community.
    b. VA ensure that it has quality criteria and procedures for contracting and monitoring service delivery, as well as the availability of trained staff to negotiate cost-effective contracts.

(see page 5-269)

IV Outpatient Care

1. The Commission concurs with the DNCP proposal to expand services at current sites of care as proposed by the DNCP, but notes that this is not an adequate solution to the access and capacity gaps in the VISN.
2. In the Valley-Coastal Bend Market, the Commission concurs with moving the Brownville CBOC to Harlingen in affiliation with the University of Texas.
3. The Commission recommends that:[379]
    a. The Secretary and USH utilize their authority to establish new CBOCs within the VHA medical appropriations without regard to the three priority groups for CBOCs outlined in the DNCP.
    b. VISNs set priorities for the establishment of new CBOCs based on VISN needs to improve access and respond to increases in workload.
    c. VISNs should be able to address capacity issues, to relieve space deficits at the parent facility, by establishing new sites of care, provided the VISNs have the resources necessary to do so.
    d. VISNs make efficient use of existing resources, including staffing facilities appropriately to reduce wait times, providing specialty care at CBOCs where appropriately to reduce wait times, providing specialty care at CBOCs where appropriate, and providing expanded hours of service at CBOCs to facilitate veteran access to care.
    e. Whenever feasible, CBOCs provide basic mental health services.
    f. VISNs collaborate with academic affiliates to develop learning opportunities utilizing CBOCs as teaching sites to enhance quality of care in community-based service settings.

(see page 5-271)

V VA/DoD Sharing

1. The Commission concurs with the DNCP proposal that VISN 17 pursue collaborative and sharing opportunities with DoD.

(see page 5-274)

[379] Chapter 3, *National Crosscutting Recommendations: Community-Based Outpatient Clinics* (CBOCs), contains additional information on this topic.

Mission Change – Waco

DNCP Proposal

"Current services will be transferred to Temple and community contracts and leases used to provide these services. Current inpatient psychiatry services will be met primarily at Temple. The VISN will also lease 27 inpatient psychiatry beds in Austin. The CARES market-based demand data projected a need for 28-inpatient medicine and 10 inpatient surgery beds for the Austin submarket. Blind rehabilitation and a third of Waco's nursing home care services will be transferred to the Temple VAMC. The balance of nursing home care needs will be contracted out in the Waco Central Texas market area. Outpatient services will be moved to a new location more strategically placed to improve access for patients from both Waco and Marlin."

DNCP Alternatives

1. *Status quo*
2. *Original Market Plan:* Inpatient and outpatient services at Waco continue, no inpatient psychiatric services in Austin or Temple.
3. *100 Percent Contracting*
4. *Alternative 1 [The VISN's preferred alternative]:* Inpatient psychiatric services moved to Temple and leased beds in Austin. Balance of nursing home beds will be contracted in the Waco community. Outpatient services provided off-campus.
5. *Alternative 2:* Inpatient psychiatric services moved to Temple and Austin, Outpatient services provided on Waco campus.

Commission Analysis

The Central Market's total veteran population is approximately 237,000, of which 72,000 are currently enrolled in the VA health care system. The Central Market has two active medical centers, Waco and Temple (Olin E. Teague Veterans' Center); the former Marlin VAMC now provides outpatient services only. These medical facilities come under the single management of the Director of the Central Texas Veterans Health Care System (CTVHCS). The CTVHCS provides a range of services to veterans in 32 counties through Temple's tertiary care medical center, the Waco VAMC, and six outpatient clinics.

In the CARES process, the VISN identified the Austin area as a sub-market in the Central Market. The Austin sub-market is the largest in the Central Market and is growing rapidly. It currently has a veteran population of approximately 109,000 and an enrollment of approximately 19,088, which represents 26 percent of the total market enrollment.[380] VA maintains a large outpatient clinic in Austin that provided care to 15,244 unique veterans during FY 2003.[381] A full array of primary care, specialty care, and mental health services is offered at the clinic.

Enrollment in the Austin sub-market is projected to increase 36 percent over the FY 2001 baseline by FY 2012 and to further increase to 56 percent over baseline by FY 2022.[382] The majority of the veterans in the Austin sub-market do not meet the CARES standard for access to hospital care.[383]

Built in 1932,Waco VAMC's campus encompassed 508 acres. Today, the medical center is located on 126 acres of VA property and has 30 buildings, seven of which are unoccupied, five of which are underutilized, and 29 of which are historically registered. While none are leased for commercial use, a portion of one building, 40,000 square feet of space, is leased to the VA Austin Finance Center. Of the total square footage at the Waco VAMC, 251,000 square feet is unoccupied and 49,000 square feet is underutilized.[384] This represents approximately 26 percent of the total space at the Waco VAMC. As VISN Director Tom Stranova testified:

> Well, currently…there is a large amount of unused space on the Waco campus, and that's approximately 250,000 square feet. So that we believe that we are carrying a lot of overhead in infrastructure that, if we can realign these services, we can continue to provide high-quality services, and the resources that are put out to support infrastructure that is not being used can be redirected to patient care. We can buy drugs and provide direct services.…We're operating at a loss. In fact, in terms of our annual budget, we do subsidize, and have been, the facilities in the Central Market. We take resources for the North and Central, from their budget, because do have underutilized assets.[385]

---

[380] Jeff Milligan, Staff Assistant to the Director, VISN 17 CTVHCS, January 13, 2004, Email Response to January 12, 2004, *Austin Sub-market Enrollment* inquiry.

[381] VSSC KLF Menu Database, *Enrollment Priority and Status by Gender*, as of the end of FY 2003.

[382] Jeff Milligan, Staff Assistant to the Director, VISN 17 CTVHCS, January 13, 2004, Email Response to January 12, 2004, *Austin Sub-market Projection Data* inquiry.

[383] Jeff Milligan, Staff Assistant to the Director, VISN 17 CTVHCS, January 13, 2004, Email Response to January 12, 2004, *Austin Sub-market Enrollment* inquiry.

[384] Jeff Milligan, Staff Assistant to the Director, VISN 17 CTVHCS, January 5, 2004, Email Response to January 5, 2004, *Waco Unused Space* inquiry.

[385] Tom Stranova, VISN 17 Director, Transcribed Testimony from the Waco, TX, Hearing on October 3, 2003, pages 47-48.

The Waco VAMC is primarily an inpatient psychiatric care hospital. At its peak, it had more than 2,000 beds. In FY 2003, it had 346 inpatient beds, with an average daily census (ADC) of 214.[386] Commissioners learned during the site visit to Waco that the buildings are in good repair, but that the facility has a declining referral base and a markedly decreased need for space. The Waco VAMC currently provides all of the acute and long-term psychiatric inpatient care for the Central Market. Its inpatient psychiatry ADC of 128 includes both short-term acute stays and a substantial number of longer-term patients.[387] At the end of FY 2003, 71 patients had been in a psychiatric bed longer than six months, and 48 of these 71 patients had been in a psychiatric bed more than one year.[388] Waco also is the site for the Central Market's specialized Residential Rehabilitation Program for patients with Post Traumatic Stress Disorder (PTSD; ADC 17), the inpatient blind rehabilitation center (BRC; ADC 14), and a nursing home with an ADC of 58.[389]

The Waco VAMC also provides a full range of outpatient services, including services for the seriously mentally ill. The VISN leadership testified that there would be no impact on the 94 percent of patients currently using Waco for outpatient services since a proposed new outpatient clinic would remain in the Waco area.[390]

Located approximately 34 miles south of the Waco VAMC is the Temple VAMC. Built in the early 1940s, with additions over the years, Temple is a tertiary medical center that provides a full range of patient care services except for inpatient psychiatry. It is affiliated with the Texas A&M Medical School. It is also the site of a State Veterans Home. There are 40 buildings with a total of 1.2 million square feet on 166 acres. The Temple VAMC has the capacity to address the DNCP's proposals to relocate programs from the Waco campus and inpatient and specialty services are available at Temple to support those programs.

The DNCP proposes transferring all inpatient psychiatric services off the Waco campus. Twenty-seven of the 107 acute psychiatric beds would be transferred to Austin to meet the acute care needs of veterans residing in the Austin metropolitan area. Mr. Tom Stranova, VISN 17 Director, testified at the Waco hearing:

> To meet the inpatient health care needs of veterans in the Austin sub-market, the Draft National CARES Plan calls for approximately 27 medicine beds, 10 surgical beds, and 27 psychiatric beds in the Austin sub-market. This can be accomplished by lease, lease-to-own, or new construction.[391]

---

[386] Patient Treatment File, Gains and Losses Report.
[387] Patient Treatment File, Gains and Losses Report.
[388] Department of Veterans Affairs, *National Mental Health Performance Monitoring System*, FY 2003, Table 3-14.
[389] Michael Dunfee, VISN 17 Strategic Planner, January 27, 2004 Email Response to January 23, 2004, *Waco ADC* inquiry.
[390] Tom Stranova, VISN 17 Director, Transcribed Testimony from the Waco, TX, Hearing on October 3, 2003, pages 34-36.
[391] Tom Stranova, VISN 17 Director, Transcribed Testimony from the Waco, TX, Hearing on October 3, 2003, page 33.

This transfer would bring inpatient care in the market in line with clinical best practices, as compared to now where currently Austin area patients who require acute inpatient psychiatric care are transferred 105 miles to the Waco VAMC.

The majority of the acute psychiatric beds would transfer to the Temple VAMC, where they would be more centrally located in the market, where essential inpatient medical services can be more readily provided, and where the coordination of medical and mental health services can be enhanced.

The DNCP also proposes that approximately one-third of the nursing home beds move to Temple and the remainder of the services be contracted locally in the community. The Commission is concerned by the proposal to contract locally for nursing home beds in view of the fact that VA nursing homes provide care for many psychiatry patients, often with co-occurring mental disorders, who are generally difficult to place in the community nursing homes. Furthermore, the Commission expressed concern that long-term care (LTC) services for Waco area veterans, including the seriously mentally ill, not be diminished by the proposed realignment.

For the Blind Rehabilitation Services Program, the DNCP proposes to move the BRC from the Waco VAMC to the Temple VAMC. There was no unanimity among the individuals who testified on behalf of blinded veterans regarding the location of the BRC should it be moved out of the Waco VAMC. The chief concern for these veterans was access. Ms. Rebecca Vinduska, Director of Government Relations of the Blinded Veterans Association, shared this concern indicating that the location of specific facilities is a local decision.[392]

The fate of the PTSD residential rehabilitation unit is not specifically addressed in the DNCP, but the Commission understands from the site visit that it would also be transferred, intact, to the Temple VAMC.

The VISN leadership indicated that the transition proposed in the DNCP would take place over a three- to five-year period in a manner that would minimize disruption to patients and families, and not before facilities are prepared and staff at Temple are trained. From a clinical and patient safety standpoint, the Commission believes that such a transition can be completed successfully, in time, with minimal impact on patients and their families.

VISN leadership stated that the transfer of inpatient services to the Temple VAMC and Austin will not adversely impact the current affiliation between the CTVHCS and the University of Texas and may, in fact, enhance the relationship with the University's Department of Psychiatry.[393]

---

[392] Rebecca Vinduska, Director, Governmental Relations, Blinded Veterans Association, CARES Commission Meeting in Washington, DC, on October 7, 2003, pages 6-7.

[393] Kathryn Kotrla, MD, VISN 17 Clinical Director for Mental Health Services, Waco VAMC, Transcribed Testimony from the Waco, TX, Hearing on October 3, 2003, pages 70-71.

A VISN cost analysis indicates that $910 million could be saved over the life cycle were the Waco VAMC and the Marlin campus to close. This is based on estimated net savings over a 19-year period. It assumes a complete closure of the Waco and Marlin campuses starting in FY 2004 and not locating a new outpatient clinic on the Waco campus. The estimate includes the costs of construction and renovation at Temple, a new outpatient clinic in the Waco area, and the lease costs for Austin.[394]

Consultants from the City of Waco VA Task Force Commission [hereafter referred to as the Task Force] noted that the calculations were inadequate and did not account for all costs associated with new services at other sites.[395] The Commission is concerned about the lack of detailed data upon which to make a complete analysis. Capital costs were provided only in summary form. Cost information is not provided for the status quo or alternatives. The Commission also believes that it would be unreasonable to expect closure to occur in FY 2004 and for savings to begin to accrue in that year.

In addition, the VISN Director testified that he was required to redirect funds allocated to other medical centers to Waco in order to maintain that facility.[396]

Given the Waco VAMC's location, its size, the good condition of the facilities, the legal mechanism to enter into enhanced use leases (EULs), and the willingness of city officials to assist, VA should be able to achieve considerable savings that can be redirected to medical care.

VISN leadership stated that there would be no economic impact on the community if Waco's inpatient programs were transferred; other stakeholders indicated that an economic impact was likely. According to the Task Force, the Waco VAMC "annually contributes approximately $203 million to the local economy and directly and indirectly accounts for about 2,000 jobs throughout central Texas."[397] Neither the Task Force nor the VISN provided data to support its view.

During the Commission hearing in Waco, Mr. Tom Stranova, the VISN Director, "guaranteed" that no jobs would be lost.[398] The VISN leadership discussed the need to retain current staff to support an outpatient clinic, including mental health services, in the Waco and Marlin area and the additional services that will be needed in Temple and Austin. Tom Kelly, a PhD economist and a member of the Task Force, testified that he conducted an independent survey of Waco VAMC employees and found that nearly 43 percent plan

---

[394] Office of Program Evaluation, Policy, Planning, and Preparedness, Department of Veterans Affairs, *Financial Review of CARES Realignment Proposals*, November 13, 2003.

[395] Enid Wade, member of the City of Waco VA Task Force Commission, Transcribed Testimony from the Waco, TX, Hearing on October 3, 2003, page 130.

[396] Tom Stranova, VISN 17 Director, Transcribed Testimony from the Waco, TX, Hearing on October 3, 2003, page 55.

[397] Texas State House of Representatives Resolution #111, September 22, 2003, Presented by the City of Waco VA Task Force Commission, CARES Hearing, Waco, Texas, October 3, 2003.

[398] Tom Stranova, VISN 17 Director, Transcribed Testimony from the Waco, TX, Hearing on October 3, 2003, pages 61-62.

to commute to the Temple VAMC, and 18 percent plan to leave Waco and locate closer to their new VA employer. About 22 percent plan to seek alternative employment, 10 percent were undecided, and seven percent plan to cease work or retire. A copy of the survey was provided to the Commission.[399] Dr. Kelly further testified that, at least in the short run, the economic loss to the community of closing Waco would be mitigated by the decision of a number of Waco VA employees to continue to live or retire in Waco.

Veterans service organizations (VSOs) and stakeholders, including the mayor's office, both U.S. Senators, four members from the House of Representatives, and employee representatives, testified that changing the mission of Waco would have a negative impact on the VISN's ability to provide care, particularly long-term mental health care and blind rehabilitation services.

The DNCP proposal to transfer current services from the Waco VAMC was put forward without any prior consultation with local stakeholders. The Task Force may not have had sufficient time to evaluate the revised proposal. Task Force members have requested sufficient time to work with VA officials to develop alternatives for the Waco VAMC. The Task Force has been well organized, reasonable, and has offered to assist in the marketing and economic development of the unused space on the campus using EUL. The Commission believes that the VISN understands that any transition will take time and that partnering with the local community can result in a positive outcome for both entities.

Commission Findings

1. Transferring a portion of the acute inpatient psychiatric beds from Waco to Austin would significantly improve the access to inpatient psychiatric care for veterans residing in Austin.
2. Transferring a portion of the acute inpatient psychiatric beds and all the long-term psychiatric beds from Waco to Temple would provide these patients with immediate access to inpatient medical and tertiary care services. If the needs are emergent, patients at Waco requiring such services are currently transported to the Temple VAMC or community facilities.
3. The proposal to move the BRC to the Temple VAMC would improve access and would enhance coordination with medical and specialty care. The unit serves several markets, however, and thus could also effectively be relocated to another VISN 17 medical center.
4. It is not clear that it will be possible to contract for nursing home services for the complex patients treated at Waco. Community nursing homes are seldom willing or able to accommodate patients requiring psychiatric nursing home services.

[399] Written Submission of the Results of a Survey of Future Plans of Waco VA Hospital Employees, page 3, part of the Submission of the City of Waco VA Task Force Commission.

5 Ninety-four percent of the veterans receiving care at the Waco VAMC are treated on an outpatient basis. Outpatient services, including specialized mental health outpatient services to support the population of deinstitutionalized seriously mentally ill patients in the Waco community, are proposed to remain in the Waco area. The location, size, cost, and services at the proposed new CBOC have not been fully determined or articulated.

6 The current and projected need for a large inpatient psychiatric medical center campus has changed considerably from the past when nearly 2,000 beds were required for psychiatric patients who are now best treated in the community.

7 The VISN 17 Director testified that he has been required to redirect funds allocated to other medical centers in the VISN to Waco in order to maintain that VAMC.

8 The cost analysis submitted by the VISN on this proposal is incomplete and a more thorough cost analysis is required. While a thorough cost analysis has not been completed, the campus is no longer being fully utilized. Funds that may benefit veterans' health care are being expended for unnecessary overhead.

9 Employee representatives and some stakeholders expressed concern that jobs will be lost at the Waco campus. The VISN Director, Tom Stranova, "guaranteed" that no jobs would be lost.

10 An independent survey conducted by Tom Kelly, PhD, a member of the Task Force, indicated that 43 percent of the employees at the Waco VAMC plan to continue to work for the VA and commute to Temple, 18 percent plan to leave Waco and locate near their new VA employer, and 10 percent are undecided. Approximately 22 percent of the current workers plan to seek alternative employment, and the remaining seven percent will cease work or retire.

11 Closing the Waco VAMC would likely have some impact on the local economy.

12 The Waco community is well organized and has offered to help alleviate the medical center's overhead and assist in leasing unused buildings and property.

13 Twenty-nine of the 30 buildings on the Waco campus are historically registered.

14 The buildings on the Waco campus are in good repair and approximately $80 million in capital improvements have been made to the campus over the past 10 years.

15 The lack of inpatient medicine beds and specialty medical coverage at Waco require that patients requiring such services be transported to a local hospital or the Temple VAMC.

16 There was a lack of timeliness, forewarning, and stakeholder awareness and involvement in the DNCP proposal of August 4, 2003, to realign the Waco VAMC.

Commission Recommendations

1. The Commission concurs with the DNCP proposal to move services from the Waco campus to appropriate locations within the VISN as follows:
   a. A portion of acute care inpatient psychiatry to Austin;
   b. The balance of acute care and all the long-term inpatient psychiatry to the Temple VAMC; and
   c. PTSD residential rehabilitation services to the Temple VAMC, with no decrease in capacity.
2. The Commission does not concur with the DNCP proposal to transfer Waco nursing home services to the community.
3. The Commission recommends that:[400]
   a. Prior to taking any action to reconfigure or expand LTC capacity or replace existing LTC facilities VA should develop a LTC strategic plan. This plan should be based on well-articulated policies, address access to services, and integrate planning for the LTC of the seriously mentally ill.
   b. An integral part of the strategic plan should be maximizing the use of State Veterans Homes.
   c. Freestanding LTC facilities should be permitted as an acceptable care model.
   d. Access for families of patients and clinical relationships between institutional and non-institutional LTC programs must be considered.
4. The Commission concurs with the DNCP proposal to transfer the BRC from Waco, but recommends that the VISN determine an appropriate location taking into account access and the BRC's role as a regional rehabilitation referral center.
5. The Commission concurs that a new multi-specialty outpatient clinic be established in the Waco area.
6. The Commission recommends that time be provided for the transition to allow an orderly transfer with minimal disruption to patients and families and for the VISN to involve veterans, stakeholders, and the community in a plan for Waco campus that is most beneficial to veterans.

[400] Chapter 3, *National Crosscutting Recommendations: Long-Term Care,* contains additional information on this topic.

II Mission Change – Kerrville

DNCP Proposal

"Kerrville will continue to provide nursing home and outpatient services. Acute inpatient services will be transferred to San Antonio as space becomes available from the proposed inpatient construction at San Antonio. In the interim, Kerrville would convert to a CAH. In addition, inpatient services will be contracted for in Harlingen and Corpus Christi. A major enhanced use project for assisted living in Kerrville has been submitted for approval."

DNCP Alternatives

1. *Status quo*
2. *Original Market Plan:* Close acute beds, relocate to other VAMCs.
3. *100 Percent Contracting*
4. *Alternative 1 [The VISN's preferred alternative]:* Beds relocate to San Antonio as space becomes available at San Antonio.

Commission Analysis

The Kerrville and San Antonio VAMCs are in the Southern Market and are managed by the South Texas Veterans Health Care System (STVHCS). The Kerrville VAMC, which began its operation in 1947, is approximately 61 miles northwest of the San Antonio VAMC. The Kerrville campus is composed of 26 buildings that require considerable infrastructure maintenance, estimated by VA to cost a total of $4,101,522 for FY 2003. The STVHCS annual operating budget for FY 2003 was $342,944,043. The Kerrville budget is included in this amount.[401]

Kerrville was once a 300-bed acute inpatient care facility but today is a 25-bed facility (including five intensive care unit [ICU] beds). It also houses a 154-bed nursing home that has a relatively steady ADC at 123. Additionally, the facility maintains a 24/7 urgent care area that is fully staffed. The VISN leadership stated that on average it has five to seven after-hour visits per evening with varying degrees of illness severity and that approximately 33 percent of these visits result in a direct admission to an ICU or acute medicine.

Kerrville provides acute medical, primary, and LTC services to approximately 16,000 veterans and has approximately 430 FTEs.[402] The facility has an eroding patient base and an inpatient medicine ADC

[401] VISN 17 January 21, 2004, Email Response to January 2004 Kerrville Operating Budget memo.

[402] VISN 17, Site Visits, San Antonio/Kerrville, July 14-15, 2003, page 2, available from [*http://www.carescommision.va.gov/SiteVisits.asp*].

that has declined from 18 in FY 2000 to 12 in FY 2003. CARES projections for FY 2012 and FY 2022 are 15 and 12, respectively.[403]

The San Antonio VAMC currently has 126 internal medicine beds with an ADC of 85. It also has 59 surgical beds with an ADC of 40, and 79 psychiatric beds with an ADC of 68. The total inpatient operating beds at San Antonio is 294 with an ADC of 213.[404] San Antonio also maintains spinal cord injury beds.

Contrary to this data, which indicates that the San Antonio VAMC has inpatient bed capacity, Mr. Stranova testified that the San Antonio VAMC is operating at capacity and that, on many days, the VISN must divert patients to community facilities. He added that about half of the medical and surgical beds at the San Antonio VAMC are not compliant with current privacy standards; many have four beds to a room, some are not handicap accessible, and most do not have private showers.[405]

Community resources in Kerrville include two JCAHO accredited hospitals in the immediate vicinity and a third JCAHO accredited hospital within 60 minutes of the Kerrville VAMC, all of which appear to have excess capacity. The driving time between the Kerrville and the San Antonio VAMCs is more than one hour. During the site visit, Mr. Stranova also stated a transportation system was established to transport patients, lab specimens, medical records, etc., between San Antonio and Kerrville.[406]

The transfer of the Kerrville VAMC's inpatient beds can be completed with minimal disruption to the quality of patient care and safety due to the small ADC. Less clear is whether San Antonio has current capacity or whether such a transfer must await the proposed new construction. There appears to be capacity in the Kerrville community's two JCAHO accredited hospitals, though the VISN proposal did not discuss contracting Kerrville VAMC inpatient services in the community.

In the campus realignment study, the VISN estimated costs for new construction at San Antonio of $21.4 million require clarification to identify what contributes to this total cost. Additionally, the campus realignment study indicates renovation at San Antonio would be needed to accommodate Kerrville's inpatient workload. The cost associated with this is $2.6 million for a total of 27,000 square feet. These costs appear too low and may require clarification.[407]

---

[403] VSSC KLF Menu Database, *FMS Annual Salary Report*, FY 2003: July 2002 through September 2003.

[404] Appendix D, *Data Tables*, page D-74.

[405] Tom Stranova, VISN 17 Director, Transcribed Testimony from the Waco, TX, Hearing on October 3, 2003, pages 12-13.

[406] VISN 17, Site Visits, San Antonio/Kerrville, July 14-15, 2003, page 2, available from [*http://www.carescommision.va.gov/SiteVisits.asp*].

[407] Office of Program Evaluation, Policy, Planning, and Preparedness, Department of Veterans Affairs, *Financial Review of CARES Realignment Proposals*, November 13, 2003.

Commissioners noted during the site visit to the Kerrville VAMC that the outpatient areas of the facility are constrained and that moving inpatient services out of the facility would give the VISN increased space to provide outpatient services.[408]

Commissioners also learned during the site visit that veterans requiring medical services at San Antonio are transported by either the Kerrville VA shuttle system or the Kerrville EMS system. While ambulatory patients can be transferred by the VA shuttle system, a Kerrville city ordinance requires the use of the city ambulance service for transporting patients who require care beyond what is available to Kerrville VAMC. The cost of these services is $500 per patient for local moves and $1,000 per patient transported to San Antonio.[409]

Another Kerrville service highlighted by the STVHCS Director during the site visit is the laundry facility. Kerrville has a state-of-the-art computerized laundry facility that services this health care system (Kerrville does not provide this service for the VISN). Kerrville has a sharing agreement with Brooke Army Medical Center (BAMC), which is their largest customer and also provides laundry services to the Cancer Therapy Treatment (CTRC) located across the street from Audie L. Murphy, the Austin School of the Deaf and the Big Spring VAMC in VISN 18. The laundry is one of the division's revenue generating services and was described by the STVHCS Director as another viable part of the Kerrville facility.

Proposed plans for Kerrville would not adversely impact other VA missions or academic affiliations. However, in general, stakeholders do not favor moving inpatient services from Kerrville though most were supportive of providing increased services at the San Antonio facility. Walter Schellhase, president of the Hill Country Veterans Council, said:

> In Kerrville, we have a large facility available. At one time it consisted of over 300 beds. Now [it is] down to 20 beds and five ICU beds. In addition, Kerrville has the cost per day basis per patient of $870, which is far less than most of South Texas as a whole, and much lower than Audie Murphy. So the question remains why should we close 20 beds in Kerrville, and build facilities in San Antonio? It makes no sense whatsoever.[410]

Employee representatives testified at the hearing in favor of the continuation of the current services at Kerrville as they feel the San Antonio VAMC cannot accommodate the full complement of patients who need care nor do they feel the local hospitals can handle the overflow of patients the San Antonio VA

---

[408] VISN 17, Site Visits, San Antonio/Kerrville, July 14-15, 2003, page 2, available from [*http://www.carescommision.va.gov/SiteVisits.asp*].

[409] VISN 17, Site Visits, San Antonio/Kerrville, July 14-15, 2003, page 2, available from [*http://www.carescommision.va.gov/SiteVisits.asp*].

[410] Walter Schellhase, President of the Hill Country Veterans Council, Transcribed Testimony from the San Antonio, TX, Hearing on October 1, 2003, page 105.

often experiences. Mr. Dean Ward, President AFGE Local 2281, indicated that the CARES plan could mean the destruction of almost 400 good jobs held by veterans. In his testimony, Mr. Ward, states, "The Kerrville VA…It's projected that the population of elderly veterans will grow by 500,000 over the next seven years in our nation …[T]he number of veterans anticipated to live in our area is expected to increase…at least the next 20 years."[411] He further stated, "Thousands of veterans will lose their jobs. Taxpayers will lose. Veterans will lose. Kerrville and Kerr County will lose."[412] On the other hand, the VISN Director noted that 28 clinical personnel plus urgent care physician staff currently service the inpatient workload.[413]

Commission Findings

1. While there are three JCAHO accredited community hospitals within 60 minutes of Kerrville that appear to have excess capacity, there is no indication that the VISN or the DNCP gave serious consideration to contracting for inpatient medicine services.
2. Cost data for proposed new construction and renovations at San Antonio is in need of clarification.
3. Kerrville City Ordinance mandates the cost of transporting medical emergencies from Kerrville to San Antonio. The cost to the VA for such services in FY 2003 amounted to $210,788.[414]
4. The impact on the community and employees would be mitigated by the fact that outpatient services, long-term/nursing home care, and the laundry facility would remain. Further, the local Kerrville hospital(s) would benefit from the increased utilization of VA contracted beds.
5. There would be no impact on VA missions.
6. Stakeholders support more services in San Antonio but do not wish to see Kerrville close its acute care services.
7. Employee representatives believe the CARES plan could mean the loss of 400 jobs that are currently held by a significant number of veterans. On the other hand, the VISN states that 28 clinical personnel plus the urgent care physician staff currently service the inpatient workload.
8. Workload for acute inpatient care and nursing home has decreased over the past four years. Inpatient workload is projected to be 15 beds by FY 2012 and 12 beds by FY 2022.[415]

---

[411] Dean Ward, President AFGE Local 2281, Transcribed Testimony from the San Antonio, TX, Hearing on October 1, 2003, page 140.
[412] Dean Ward, President AFGE Local 2281, Transcribed Testimony from the San Antonio, TX, Hearing on October 1, 2003, page 143.
[413] VISN 17, STVHCS, January 16, 2004, Email Response to January 14, 2004, *Inpatient Personnel Support* inquiry.
[414] VISN 17, STVHCS, January 16, 2004, Email Response to January 14, 2004, *Kerrville Emergency Transportation Cost* inquiry.
[415] Appendix D, *Data Tables*, page D-69.

9 The state-of-the-art laundry service at Kerrville, in addition to generating revenue, also provides services to VA, DoD, and other organizations.

10 A portion of the Kerrville VAMC is being renovated for the establishment and operation of an assisted living program.

11 The DNCP proposes that Kerrville would convert to a CAH until services have been transferred.

Commission Recommendations

1 The Commission does not concur with the DNCP proposal to convert the Kerrville VAMC to a critical access hospital (CAH). VA should establish a clear definition and clear policy on the CAH designation prior to making decisions on the use of this description.

2 The Commission concurs with the DNCP proposal to transfer the Kerrville VAMC's acute inpatient services and recommends that the VISN contract with community health care providers for these acute inpatient services, including urgent care services, in lieu of or until space is available at the San Antonio facility.

3 The Commission recommends clarification of proposed construction and renovation costs at San Antonio.

4 The Commission concurs with the DNCP proposal that the nursing home and outpatient services remain at Kerrville.

III Inpatient Care

DNCP Proposals

"*Hospital* – Deficiencies in hospital access in Austin, Lower Rio Grande Valley, are being met through contracting or leasing beds in local communities. *Medicine and Psychiatry* – Increasing demand in the north market will be met by expanding in-house services at the Dallas VAMC through construction and renovation projects. In addition, contracts for hospital care in Austin, Harlingen, and Corpus Christi will increase services in the remaining three markets."

DNCP Alternatives

None provided in the DNCP.

Commission Analysis

Workload data highlight the growing need for more access to inpatient medicine services in the North Market, which is served by the Dallas VAMC. The demand for inpatient medicine in the North Market is projected to increase by 39 percent over the FY 2001 baseline by FY 2012, with a decrease to 25 percent over baseline by FY 2022. Likewise, demand for inpatient psychiatry in this market is also projected to increase: to 30 percent over baseline in FY 2012 and to 24 over baseline in FY 2022.[416] The remedy for inpatient care access at the Dallas VAMC is in-house expansion of existing space and space that will be vacated once some of Dallas' outpatient services are relocated to an outpatient setting.

Data indicate that a significant portion of the veteran population served in the Central Market reside in and near the Austin metropolitan area, which is one of the fastest growing areas in the nation. Currently, veterans in this area travel to Temple and Waco for inpatient medicine services. As discussed previously in the mission change to the Waco VAMC, leasing space to establish VA-operated medical and psychiatric inpatient units in Austin will improve access for Austin veterans, possibly in partnership with the affiliate, the University of Texas Health Science Center.

While projections for inpatient care in the Valley-Coastal Bend Market indicate that 10 beds were needed in FY 2001,[417] the demand is not sufficient to justify building a VA-staffed facility. At present, the San Antonio VAMC is used to meet a portion of that demand. However, this represents only a partial solution as it is proposed that the San Antonio VAMC will absorb some of the Kerrville VAMC's inpatient demand. Given the level of inpatient demand and the availability of community resources in the Valley-Coastal Bend Market, veterans' access to inpatient care in the Harlingen and Corpus Christi areas would be better served through contract providers. Therefore, the VISN plans to expand current contracts and initiate additional contracts with affiliated hospitals in Harlingen and Corpus Christi. These plans will allow access to inpatient care in the Valley-Coastal Bend Market to reach 90 percent.

Commission Findings

1. Construction is underway at the Dallas VA (North Market) to meet inpatient care needs.
2. The Austin area shows a deficiency in access to hospital care, which would be addressed by contracting or leasing beds in Austin. The VISN proposes to pursue an affiliation relationship with the University of Texas for inpatient services in the Austin area.

[416] Appendix D, *Data Tables*, page D-69.
[417] Appendix D, *Data Tables*, page D-69.

3 There is an access gap for veterans requiring hospital care in the Valley-Coastal Bend Market as there are no VAMCs in this market.

4 The VISN proposes to contract for inpatient beds in the Valley-Coastal Bend Market in the Harlingen and Corpus Christi communities.

Commission Recommendations

1 The Commission concurs with the DNCP proposal to correct inpatient access gaps in the Central and Valley-Coastal Bend markets through contracting or leasing of beds in the local community.

2 The Commission concurs with the proposal to expand in-house services at the Dallas VAMC through construction and renovation.

3 The Commission recommends that:

a Before taking action to alter existing VA services, VA must ensure that there are viable alternatives in the community.

b VA ensure that it has quality criteria and procedures for contracting and monitoring service delivery, as well as the availability of trained staff to negotiate cost-effective contracts.

IV Outpatient Care

DNCP Proposals

"*Primary Care and Mental Health* – Increasing demand for primary care and mental health outpatient services is being met across the Network primarily through expansion of CBOCs. Outpatient mental health is being integrated with primary care at all sites as well as being expended in-house at parent facilities. *Specialty Care* – Increasing specialty care services in all four markets is being met using a combination of in-house expansion (new construction, renovation, and leases), which offer selected high volume specialty care services at larger CBOCs and community contracts."

DNCP Alternatives

None provided in the DNCP.

Commission Analysis

According to the CARES workload reports, the demand for primary and mental health outpatient services is increasing markedly across the entire VISN as enrollment is projected to increase 27 percent and 13 percent by the years FY 2012 and FY 2022, respectively.[418] In addition to the large capacity gaps, only 63 percent of veterans residing in the Central Market meet the driving time access standard for primary care services. The DNCP proposes to address these deficiencies by expanding services only at current sites of care. The VISN had proposed 19 new CBOCs, 10 of which would predominantly serve veterans currently living outside of the primary care travel access standard. None of the proposed CBOCs in this VISN were included in the first priority group targeted for early implementation.

The VISN leadership outlined at the October 3, 2003, hearing several alternative measures to address outpatient demand. These included establishing satellite clinics near parent facilities and population centers such as in Dallas and Austin, in-house expansions at VAMCs, retaining outpatient services at Kerrville and the Marlin and Waco areas, as well as continuing collaboration with DoD and medical school affiliates.

Additionally, VISN leadership noted that in the North Market, increased demand for outpatient services is coupled with the problem of the Dallas Medical Center operating at near capacity. There is a need to move some outpatient services into clinic settings to improve the Dallas VAMC inpatient area. As such, establishing additional satellite clinics and CBOCs in this market would serve an additional purpose of managing other workload at the parent facility. At the hearing, the VISN 17 Director testified that he proposed that six of the 19 new CBOCs be activated throughout the Dallas/Fort Worth metropolitan area.

To meet the projected increased demand for outpatient specialty care, the DNCP proposes to increase high volume specialty care services at larger outpatient clinics in the Southern Market. The VISN proposed to meet primary and specialty outpatient needs through the establishment of new CBOCs in the greater San Antonio area. In the Central Market, four new CBOCs were proposed to provide primary and mental health services. The proposed CBOCs are not in the priority listing in the DNCP.

In the Valley-Coastal Bend Market, VISN leadership plans to replace the Brownville clinic with a larger VA–staffed clinic in Harlingen. The Harlingen Clinic is being planned in partnership with the University of Texas Health Science Center at San Antonio,[419] where a specialist is available to CBOCs for services and consultation.

Commission Findings

1. Demand for outpatient services is increasing in all of VISN 17's markets.

[418] Appendix D, *Data Tables*, page D-70.

[419] Tom Stranova, VISN 17 Director, Transcribed Testimony from the San Antonio, TX, Hearing on October 1, 2003, page 10.

2. None of the VISN's proposed CBOCs was in the DNCP's recommended priority group one.
3. VISN leadership has outlined various approaches to meet outpatient demand including establishing satellite clinics and CBOCs, and expanding existing CBOCs to accommodate increased demand for outpatient services.
4. Mental health services would be integrated into primary care clinics.
5. A VA-staffed clinic in Harlingen would replace a contracted clinic in Brownville and would allow VA to partner with University of Texas Health Science Center, where a specialist would be available.
6. While expanding outpatient services at current sites as proposed in the DNCP may meet a portion of projected capacity requirements, it will not address access deficiencies, especially in the Central Market.

Commission Recommendations

1. The Commission concurs with the DNCP proposal to expand services at current sites of care as proposed by the DNCP, but notes that this may not be an adequate solution to the access and capacity gaps in the VISN.
2. In the Valley-Coastal Bend Market, the Commission concurs with moving the Brownville CBOC to Harlingen in affiliation with the University of Texas.
3. The Commission recommends that:[420]
    a. The Secretary and USH utilize their authority to establish new CBOCs within the VHA medical appropriations without regard to the three priority groups for CBOCs outlined in the DNCP.
    b. VISNs set priorities for the establishment of new CBOCs based on VISN needs to improve access and respond to increases in workload.
    c. VISNs should be able to address capacity issues, to relieve space deficits at the parent facility, by establishing new sites of care, provided the VISNs have the resources necessary to do so.
    d. VISNs make efficient use of existing resources, including staffing facilities appropriately to reduce wait times, providing specialty care at CBOCs where appropriately to reduce wait times, providing specialty care at CBOCs where appropriate, and providing expanded hours of service at CBOCs to facilitate veteran access to care.

[420] Chapter 3, *National Crosscutting Recommendations: Community-Based Outpatient Clinics (CBOCs)*, contains additional information on this topic.

e Whenever feasible, CBOCs provide basic mental health services.

f VISNs collaborate with academic affiliates to develop learning opportunities utilizing CBOCs as teaching sites to enhance quality of care in community-based service settings.

V VA/DoD Sharing

DNCP Proposal

"*DoD-North Market* – Sharing opportunity with Joint Reserve Base in North Forth Worth for possible CBOC. *Central Market* – Sharing opportunities between Fort Hood and the Temple Medical Center (telemedicine, orthopedics, psychiatry, sleep lab, training). *South Market* – Inpatient/outpatient sharing and enhanced use among San Antonio, Brooke Army Medical Center and Wilford Hall Air Force Medical Center including CBOCs, consolidating reference labs, domiciliary, Consolidated Mail Out Pharmacy (CMOP), discharge physicals, sleep lab, consolidation of bone marrow transplant programs at VA."

DNCP Alternatives

None provided in the DNCP.

Commission Analysis

The STVHCS has identified the need to improve veteran access to care in the northeast section of San Antonio. Since there are two sizeable DoD medical centers in that section of San Antonio, Brooke Army Medical Center (BAMC) and Wilford Hall Air Force Medical Center (WHMC), the VISN is presently working with DoD to identify health care services that might be shared among the three facilities. The VISN's plans include collaborating with the BAMC to provide primary care and specialty care, such as dermatology, so that veterans do not have to travel across San Antonio to receive care. The BAMC currently has telemedicine capability and the VISN is exploring the possibility of using that technology to care for veterans. Similar discussions are underway with the Air Force leadership at WHMC.[421]

The VISN has also identified the need to improve veterans' access to care in the northwest section of San Antonio. The VISN has begun exploring with DoD the possibility of establishing new outpatient sites of care at Randolph Air Force Base, Brooks City Base and Kelly Air Force Base. The VISN leadership

[421] Tom Stranova, VISN 17 Director, and Jose Coronado, Director, South Texas Veterans Health Care System, Transcribed Testimony from the San Antonio, TX, Hearing on October 1, 2003, pages 22-39.

testified that approximately 7,000 patients currently in contracted sites of care would move to these new sites, which would be staffed by VA employees.[422]

VA and DoD have further identified areas for possible collaboration and sharing of resources. Some of these other areas are adding WHMC and BAMC to the VA/DoD CMOP pilot; establishing a sleep lab at BAMC, which would receive approximately 10 percent of the sleep lab population; and consolidating the bone marrow transport units at BAMC and WHMC with the VISN's bone marrow transplant unit at San Antonio VAMC. The Commission is aware that the Director of the STVHCS and the Commanding Officer of the Naval Hospital in Corpus Christi have signed a Memorandum of Understanding and a formal Sharing Agreement to implement short-term initiatives in minor procedures, audiology and optometry services. The Commission notes that the San Antonio VAMC has recently been selected as a demonstration project site along with the BAMC and WHMC to test sharing of medical information and information technology systems.[423]

While the Commission did not hear testimony on other potential collaborative opportunities with DoD facilities in the North and Central Markets, the Commission reviewed information indicating that joint ventures may be possible. For example, in North Market, the Carswell Joint Reserve Base is located in north-west Fort Worth. The VISN would like to enter into a joint venture with DoD to establish an outpatient site of care on the base. In the Central Market, the VISN would like to partner with DoD at Ft. Hood to share telemedicine technology as well as specialty services, such as orthopedics, psychiatry and sleep lab.

Commission Findings

1. Numerous VA/DoD opportunities exist in VISN 17 that would improve access to care as well as capitalize on existing resources.
2. The VISN appears to be taking an aggressive approach to pursuing opportunities with DoD as evidenced by a signed Memorandum of Understanding between VA and the Naval Hospital in Corpus Christi.
3. The San Antonio VAMC has been selected as a demonstration project site to test sharing of medical information and information technology systems with BAMC and WHMC.

Commission Recommendation

The Commission concurs with the DNCP proposal that VISN 17 pursue collaborative and sharing opportunities with DoD.

---

[422] Richard Bauer, MD, Chief of Staff at the San Antonio VAMC, Transcribed Testimony from the San Antonio, TX, Hearing on October 1, 2003, page 65.

[423] VA News Release dated November 3, 2003, "VA and DoD Select Eight Medical Demonstration Sites".